

# Section 6: Other Risk Financing Resources

This section includes descriptions of other risk financing resources in the State of North Dakota.

The specific topics are:

## 6.1 North Dakota Department of Insurance Special Funds Division

- State Fire and Tornado Fund
- State Bonding Fund
- Petroleum Tank Release Compensation Fund
- Boiler Inspection Program
- Anhydrous Ammonia Program
- Fund Contacts

## 6.2 Workforce Safety and Insurance

- Purpose
- Benefits
- Premiums

## 6.3 North Dakota Insurance Reserve Fund

## **6.1 North Dakota Department of Insurance Special Funds Division**

The Special Funds Division of the North Dakota Department of Insurance provides insurance, inspections, and environmental protection for various North Dakota entities.

The funds and programs included in the division are:

- State Fire and Tornado Fund
- State Bonding Fund
- Petroleum Tank Release Compensation Fund
- Boiler Inspection Program
- Anhydrous Ammonia Program

### **State Fire and Tornado Fund**

Established in 1919, the State Fire and Tornado Fund is mandated under North Dakota Century Code Chapter 26.1-22 and is under the management of the Commissioner of Insurance.

The fund provides low-cost insurance for real and personal property owned by the State and its political subdivisions, including school districts. This unique program has coverages in force in excess of \$6.1 billion.

#### **Fund Statistics, Fiscal Year Ending June 30, 2005**

Coverage in force: \$6.10 billion  
Premium: \$4.95 million  
Number of policyholders: 1,084  
Number of building property insured: 8,873  
Number of personal property insured: 6,570  
Number of outdoor property insured: 3,654

### **State Bonding Fund**

Also established in 1919 and under the management of the Commissioner of Insurance is the State Bonding Fund, mandated under N.D.C.C. ch. 26.1-21 of the North Dakota Century Code.

The fund provides blanket bond coverage for officials and employees of the State and its political subdivisions, including school districts. The bond is a fidelity bond, which bonds public employees or public officials for theft of property and/or money.

The fund charges no premium for this bond coverage. Bondholder must reapply every two years or when change in amount of coverage is requested.

### **Fund Statistics, Fiscal Year Ending June 30, 2001**

Coverage in force: \$586 million  
Premium: None; waived in 1953  
Number of policyholders: 2,931  
Number of judgments (claims) paid: 27  
Amount of claims paid: \$1,893,705

## **Petroleum Tank Release Compensation Fund**

The Petroleum Tank Release Compensation Fund was established by the 1989 Legislature to reimburse tank owners for reasonable contamination cleanup costs caused by a petroleum release.

The 1991 Legislature changed the fund substantially. These changes resulted in the federal Environmental Protection Agency's approval of the fund as a financial responsibility mechanism for the owners of petroleum storage tanks in North Dakota, enabling the owners to provide proof of financial responsibility in the event of a release.

### **Fund Statistics, Fiscal Year Ending June 30, 2005**

Registrations fees collected: \$295,634  
Registered USTs: 1,991  
Registered ASTs: 3,678  
Total number of claims paid: 74  
Total amount of claims paid to date: \$5,526,504

## **Boiler Inspection Program**

The Boiler Inspection Program, established by the 1953 Legislature, mandates inspections of boilers in North Dakota. The 1973 Legislature expanded the program to include all low-pressure and hot water boilers. In 1993, the program was transferred from the Workers' Compensation Bureau to the Commissioner of Insurance.

The program is responsible for the initial inspection and reinspection of over 8,673 active boilers in all types of buildings and businesses. Reviews and surveys of pressure vessel construction and repair facilities are regularly conducted. The program is supported by inspection fees paid by owner and users.

Technical assistance is available for the proper installation, operation, and repair of boilers and pressure vessels. State inspectors work closely with insurance company boiler inspectors to ensure proper inspection of privately insured boilers.

## **Anhydrous Ammonia Program**

Established by the 1995 Legislature, the Anhydrous Ammonia Program provides for initial and periodic inspections of anhydrous ammonia storage facilities. This effort ensures a reasonable degree of safety for those handling anhydrous ammonia, as well as protection for the general public from accidental discharges. The program is supported by fees paid by taxes charged on wholesaler sales.

## **Special Funds Contacts**

Administration Offices  
(701) 328-9600

Jeff Bitz, Administrator  
(701) 328-9606

Sharon Gross, Administrative Assistant  
(701) 328-9600

Lee Lunde, Fire and Tornado Property Appraiser and Claims Examiner  
(701) 328-9605

Barbara Mehlhoff, Underwriter  
(701) 328-9603

Robert Reetz, Chief Boiler/Anhydrous Inspector  
(701) 328-9604

Delton Doll, Deputy Boiler/Anhydrous Inspector  
(701) 328-9608

Nicolle McIntyre, Deputy Boiler/Anhydrous Inspector – Fargo Office  
(701) 239-7206

Sylvia Vollon, Administrative Assistant for Boiler/Anhydrous Program  
(701) 328-9609

## 6.2 Workforce Safety and Insurance

### Purpose of Workforce Safety and Insurance

The purpose of Workforce Safety and Insurance is to provide sure and certain economic relief for injured workers, protect employers from lawsuits, and create a “no-fault” system as the injured worker’s exclusive remedy.

Established in 1919, North Dakota’s Workforce Safety and Insurance program covers about 265,000 workers. Coverage is mandatory *except* for the following employments:

- Agriculture
- Railroad
- Domestics
- Federal workers
- Self-employed
- Realtors
- Clergy
- Boards of directors
- Volunteers
- Newspaper delivery
- Illegal enterprises

### Benefits

Workforce Safety and Insurance benefits for workers include medical coverage, replacement of lost wages, rehabilitation, and impairment awards at no cost to the injured worker.

Employers’ benefits include protection from lawsuits, benefits to injured workers, the benefits of insurance, and loss prevention services.

### Premiums

An agency’s workers’ compensation premium is a variable, controllable cost. It is determined by: 1) the rate class of the covered employee; 2) the amount of payroll up to a specific cap; and 3) an experience modification factor.

## 6.3 North Dakota Insurance Reserve Fund

The North Dakota Insurance Reserve Fund (NDIRF) was formed in 1986 as a member owned pool for the property and casualty liability exposures of governmental entities in the State. The NDIRF is a nonprofit corporation, governed under its by-laws by a board of directors and owned by its 2,500 plus members. Membership is available to all political subdivisions in North Dakota.

Specific coverage provided by the NDIRF includes general liability, governance liability, professional liability, public assets (inland marine), automobile liability, and automobile physical damage.

The maximum liability coverage limits are \$2 million per occurrence. NDIRF rates and coverage forms are filed with, and approved by, the Commissioner of Insurance.

The NDIRF uses the services of local insurance agents to market and service the coverage provided. Each member, or potential member, selects an agent to advise it on coverage needs, provide application information to the NDIRF, and assist in reporting claims.

Each NDIRF member designates a contact person on its memorandum of coverage (insurance policy). This individual is intended to be the liaison with the member's agent and, if necessary, the NDIRF. Prompt reporting of claims or occurrences is important, and members should establish procedures to ensure the smooth flow of such information to the agent and the NDIRF.